

Graeme Charles on Co-operation in The Devondaler



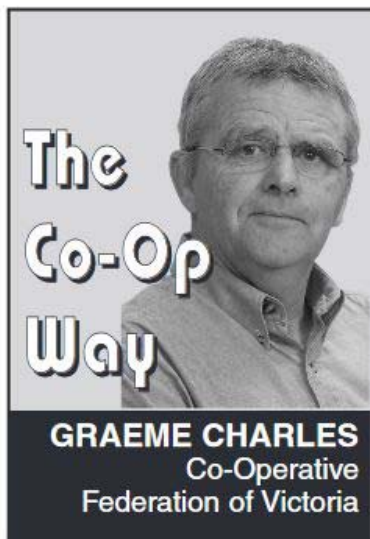
Graeme Charles was the Executive Officer and Secretary of the Co-operative Federation of Victoria Ltd between 1999 and 2002 and Deputy Chairman between 2002 and 2008 – the peak body for co-operatives in the Australian State of Victoria.

Between 2006 and 2008 Graeme Charles was a guest columnist for The Devondaler – the monthly newspaper of Murray Goulburn Co-operative Co. Limited. The Devondaler was established in 1986.

The Co-operative is one of Australia's largest with 2200 dairy farmer members and more than 2000 employees.

Twenty of these columns have been reproduced.

US Credit Unions Buck Global Demutualisation Trend.



In what is a major victory for the co-operative movement, the latest demutualisation bid in the United States aimed at converting a member owned credit union, Lafayette Federal Credit Union, into an investor-owned bank, was abandoned.

About 30 out of 9000 U.S. credit unions have converted to thrift or bank charters in the last decade. But conversions are attracting increasing attention, even spawning a network of conversion consultants who woo credit union leaders with talk of million-dollar stock windfalls if they demutualise.

The arguments put forward in the Lafayette conversion bid were similar to those in other recent cases. The credit union's board and leadership said it needed to convert to continue to grow, and in particular, to offer more business loans. They denied charges they were motivated by greed. Opponents however, said the board had not presented a balanced picture or allowed arguments against demutualisation to be presented to members.

The National Co-operative Business Association, the U.S. co-operatives umbrella organization, vocally opposed the demutualisation, proposed in its own backyard of Washington. It spoke out repeatedly against the conversion and assisted loyalist members in several ways, including helping them set up a website.

NCBA President Paul Hazen, an International Co-operative Alliance board member, said he hoped other credit union and co-operative boards would learn from Lafayette's experience. Hazen noted that four out of six well publicised U.S. credit union conversion bids since 2003 have been successfully opposed. In each case, he said, loyalist members worked with co-op and credit union organisations to oppose conversion plans.

The ICA says the Lafayette case shows the global trend for demutualisations is meeting with growing opposition from the co-operative sector. Unfortunately the same cannot be said for Australia. In one sense we have led the world in co-operative demutualisations in recent years. The Co-operative Federation of Victoria is encouraged by Murray Goulburn's continued dedication to upholding its co-operative charter, thereby ensuring that control of the co-operative company will always remain in suppliers hands.

7 August 2007



List of Graeme Charles articles published between 2006 - 2008

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